

# The Australian

## All pipelines lead to Gladstone for the next energy boom

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- From: The Australian
- April 08, 2011 12:00AM

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**ONLY a few years ago, Australia's liquefied natural gas boom was very much a West Australian phenomenon, centred on vast deposits under the waters of the North West Shelf. But then a new source of LNG was found.**

Well, not so much found as acknowledged. Gas from the coal seams of Queensland's Surat and Bowen basins, seen as a dangerous byproduct of coalmining only 20 years ago, is the new source of supply that has kicked off the LNG export industry in Queensland.

**Four planned projects in Queensland account for almost \$80 billion worth of investment** - more than one-third of the **\$220bn of LNG projects under development in Australia.** (<http://webcast.viostream.com/Player/Default.aspx?viocast=4039&auth=d522d0cb-0ccd-4164-beec-3a496f6d6369&enableCache=True>)

And if all roads lead to Rome, in Queensland all pipelines lead to Gladstone. The port city is the site of seven proposed LNG plants.

**Three of these proposals, worth a combined \$66bn, have now cleared state and commonwealth approval processes:**

The Gladstone LNG (GLNG) project, a partnership between Santos, Petronas of Malaysia (one of the world's largest LNG producers) and French petroleum multinational Total, will pipe CSG from the Fairview and Roma fields about 435km to Gladstone, where it will be processed initially by two trains (processing units) at a plant on Curtis Island, off Gladstone. The GLNG project is targeting production of 7.8 million tonnes of gas a year, to be taken by Total, Petronas and Korea Gas (Kogas). GLNG hit the green light on final investment decision (FID) in January: production is projected to begin in 2015.

The Queensland Curtis LNG project (QCLNG) involves transporting CSG from the Surat Basin over a 540km pipeline to Gladstone, where it will be processed initially by two trains at a plant also on Curtis Island: QCLNG has permits for three trains and room for up to five, potentially making it a 20 million tonnes a year project. The project is operated by the formerly ASX-listed QGC, now owned by BG Group, the former British Gas. QCLNG, which will produce at the rate of 8.5 million tonnes of gas a year, was ticked off for final investment decision (FID) in October 2010 and is scheduled to enter production in 2015. So far, the project has signed customer agreements with China National Offshore Oil Corp (CNOOC), Quintero LNG in Chile, Japanese utility Tokyo Gas and a group of customers in Singapore.

The Australia Pacific LNG (APLNG) project - a joint venture between Origin Energy and US-based petroleum giant ConocoPhillips - involves transporting CSG from the Surat and Bowen basins over a 450km pipeline to Gladstone, where it will be processed by up to four trains at a plant on Curtis Island. At present, APLNG is the largest of the three planned Gladstone projects, with a processing capacity of up to 16 million tonnes a year. In February, China's Sinopec signed a deal to become the first foundation customer for the APLNG project, agreeing to buy up to 4.3 million tonnes a year over 20 years from the start of production in 2014. Sinopec also took a 15 per cent stake in APLNG, reducing Conoco Phillips' and Origin Energy's stakes in the project from 50 per cent to 42.5 per cent each.

**According to the Queensland government, the three projects are capable of creating up to 18,000 jobs in Gladstone.**

The fourth Gladstone project, the Shell Australia LNG (SALNG) project, proposes two trains, each of 4 million tonnes a year, at its plant, also on Curtis Island. It is awaiting environmental impact statement (EIS) approval.

A fifth Gladstone project, a smaller-scale (two-train, 3 million tonnes a year) plant planned by the ASX-listed LNG Limited, was to be developed in conjunction with the formerly ASX-listed CSG supplier Arrow Energy, but when Arrow was taken over by Shell and PetroChina in August 2010, the deal lapsed. LNG Limited still has the rights to develop a small-scale LNG plant at Fisherman's Landing on Gladstone harbour, but is looking for gas supply deals.

Hong Kong-based and ASX-listed integrated power company Energy World is studying an LNG project at Abbot Point further north of Gladstone.

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